

Deferred Compensation Committee Meeting Minutes

Date: November 18, 2020

Regular session 8:30 – 10:30

Attendees: Duane Hill, Shawn Griffin, Milton Ellis, Tammy Woodard, Eric Baird, Tae Hose, Elizabeth Morrison, Anika Klix, Greg Settle, Sonia Rogers, Peter Hoerber

VOTE: Duane Hill moved to approved minutes from the August meeting, Shawn seconded. All approved, non-opposed. Minutes approved.

VOTE: Elizabeth Morrison moved to extend the non-represented employee representative committee member, Eric Baird, who's term will end in Dec 2020, an additional 3 years. Duane seconded. All approved, none opposed.

Hyas Group:

Q3 performance report

Greg presented the Plan and Investment Performance Report for the quarter ending September 30, 2020. One fund was found to be in violation of the Plans' Investment Policy Statement (IPS) performance guidelines, the Hartford Small Cap Growth Fund. The comments on this fund and the other funds presently on Watch status are further detailed below:

It was noted that the DFA Targeted Value Fund had continued to improve in the third quarter and is no longer underperforming the standards of the IPS. The Committee took no action, leaving the fund on Watch status.

The American Funds Cap World Growth and Income R6 Fund continued to be in compliance with the performance standards of the Plans' IPS in the first quarter; however, the Committee decided to keep the fund on Watch.

VOTE: Eric moved to put American Funds World Growth on watch for style drift; Duane seconded. Motion carries. All approved, none opposed.

The Hartford Small Cap Growth Fund is underperformance, although it has improved YTD in the third quarter. The Committee took note and will revisit this fund at the next regular Committee meeting.

There was continued discussion about the recent outsized performance of the American Funds EuroPacific Growth Fund and how a Hyas Group review of this fund leads us to believe that the fund's present benchmarking of the fund against "blend" benchmarks may no longer be appropriate. Greg

suggested that the fund be placed on Watch for style drift and the Committee agreed. Greg will have an analysis prepared of the fund's style history and a review of the latest industry thought on menu design for the Committee's Annual Retreat in January.

ICMA-RC reported that to-date there have been 17 CARES Act Distributions from the Port's Plans, totaling approximately \$417,000. It was noted that the Distributions feature will expire at year-end, unless new legislation or a similar regulation restores it. Hyas Group will continue monitoring the legislative process and notify the Port immediately if a new CARES Act-type law appears.

The upcoming Annual Retreat was discussed. Agenda items for Hyas Group include:

- a. Presentation—fee benchmarking study comparing the Port's Plan to similar-sized peers.
- b. Training—fiduciary fundamentals update
- c. Review of American Funds EuroPacific Growth—style drift issue
- d. Training—best practices in DC Plan investment menu design in 2021
- e. Presentation—RMDs and Roth contributions

A request was made by the committee to see how many participants are in each fund. ICMA-RC has visual analytics that committee members can view. If help is needed to access that information, contact Anika Klix in HR or ICMA-RC.

A request was made for Anika to work with our Total Rewards Manager to take a look annually, in early March, to make sure we are not bumping up against max limits with 401a and 415 limits.

ICMA-RC:

Participant services: Sonia Rogers has been conducting virtual services and appointments have increased a bit to review plans with household members. They are using Zoom rather than webex to make it easier and the meetings have been very productive. Reviews of correct profile information, phone numbers and emails are standard protocol.

Sonia highlighted the "Am I On Track" tool for participants to use in account access. Participants can estimate their pension benefits and see how they can plan better for retirement. A reminder was sent out that there is a financial brokerage service/feature. Retiree loans have also been utilized, particularly during COVID. **Possible 2021 webinars** – Am I On Track tool and Account Aggregation tool.

Financial planning and advisory services update: CFP services have been expanded and offered on-demand with over 30 CFPs and can be scheduled based on participant availability. The library of live and recorded webinars has also been expanded.

SS&C Strategic Partnership – the world's largest mutual fund transfer agency & private equity administrator. ICMA-RC is not for sale, but rather is a partnership that keeps them competitive. The legal arrangement is that ICMA-RC will remain as-is and are partner to use their record keeping platform, called "track" and will result in better cost efficiencies and more tools will be available. Each

entity will remain autonomous and the transition will be seamless. Back-office functions (like EZLink and how participants enroll) will be converted in about 18 months and ICMA-RC will work with the Port to ensure there is plenty of lead time and training.

CARES act update: 17 cares act distributions have occurred so far at the Port of Seattle

Topics for the annual retreat in January were discussed and Anika will work on scheduling 2021 quarterly meetings.

Meeting ended at 10:33 am.